

October 17, 2006

## **FINANCIAL FEASIBILITY OF EXPANDING COVERAGE TO UNINSURED CHILDREN IN PLACER COUNTY**

### **Introduction**

This memorandum reports the findings of our financial feasibility study of expanding coverage to uninsured children in Placer County.

Over the past five years across the state, diverse local coalitions have come together to provide affordable health coverage for all children. There are several compelling reasons for this effort:

- Health insurance for children leads to improvements in their access to health care, health status and school performance.
- Covering all children represents an important first step to address the broader uninsured crisis that is plaguing California and the nation.
- A substantial reduction in the number of uninsured children will lower the level of uncompensated care by safety net providers, including emergency departments and community clinics.
- The creation of an integrated, seamless health coverage system for children will result in increased organizational efficiency, lower administrative costs and better health care delivery.

The term “Children’s Health Initiative” (CHI) was coined in Santa Clara County to describe the concept of a grassroots, countywide strategy to provide local access to health coverage for uninsured low-income children and create systems change. The strategy has also included promotion of new health insurance products to fill the coverage gap left by Medi-Cal and Healthy Families. Typically, the grassroots effort mobilizes a wide spectrum of participants: county government, publicly-sponsored health plans, faith-based groups, schools, foundations, and others.

Twenty-two counties have already implemented or are in the planning stages of expanding children’s health insurance coverage. Placer County is the most recent county to initiate this effort. California’s health care foundations often provide substantial matching funds and the California First 5 Commission has developed a statewide matching program for local First 5 funds that commit to expansion. There is much discussion with the Governor’s Office and the Legislature about the eventual expansion of state-funded coverage for all children and Proposition 86 is on the statewide ballot in November 2006, which, if passed, would provide funding through a tobacco tax of \$2.60 per pack of cigarettes for expanded insurance coverage for low-income children throughout the state.

Counties throughout the state have generally adopted the following principles for their expanded coverage programs:

- 1) Create a coverage program for all children 0 – 18 up to 300% of the federal poverty level (FPL) without health insurance;
- 2) Use enrollment of eligible children in public programs, like Medi-Cal and Healthy Families, as the first line of insurance coverage;
- 3) Provide a medical home for all children, including after-hours care;
- 4) Simplify and integrate enrollment systems so that there is no wrong door to enter the system;
- 5) Utilize a licensed health insurance product;
- 6) Promote Healthy Families-like comprehensive benefits called Healthy Kids;
- 7) Develop a comprehensive and geographically distributed provider network that also protects the safety net;
- 8) Assure cultural and linguistic access;
- 9) Institute a family premium contribution; and
- 10) Commit local resources to funding program and premium costs.

The new Healthy Families-like coverage program has been named *Healthy Kids* in most of the communities participating in this statewide strategy.

## **Study Approach**

To evaluate the feasibility of expanding children's health coverage in Placer County, we have examined the following questions:

- ❑ How many children in Placer County are uninsured, but qualify for Medi-Cal or Healthy Families? How many uninsured qualify for neither?
- ❑ Are the enrollment targets reasonable?
- ❑ What are the potential health insurance carriers or plans that could meet the needs of a coverage product for uninsured children?
- ❑ What would be the cost of an effective and efficient administrative structure?
- ❑ What would be reasonable health insurance premiums to assume for the study?
- ❑ Is there a reasonable expectation that funds can be raised from sources both within and outside Placer County to realize health coverage for uninsured children?

In performing this feasibility analysis, we have assessed both quantitative and qualitative factors. For example, we have gathered and analyzed the following data:

- ❑ Current population assumptions and uninsured children
- ❑ Enrollment projections
- ❑ Health insurance premium projections
- ❑ Combined administrative and health care premium expense projections
- ❑ Revenue projections.

In the course of this study, we have looked beyond Placer County to understand how local efforts may be assisted by the knowledge gained from other counties' efforts and the potential for additional external funding to support Placer County's plans. To strengthen our financial feasibility analysis, we have identified reliable local and statewide funding sources that could be used to support a product for uninsured children in Placer County. And, lastly, we have evaluated two options for coverage carriers: (1) a comprehensive "Healthy Families"-like product called Healthy Kids in collaboration with *Healthy Kids Healthy Future* – Sacramento-Sierra Region, using Health Net as the health plan for children up to 300% FPL, and (2) California Kids (CalKids), a more limited and less costly outpatient-only primary care based product for children up to 250% FPL.

The Healthy Kids Healthy Futures program, a regional effort currently involving the counties of Sacramento, Colusa, El Dorado and Yuba, seeks to implement a comprehensive, portable and cost-effective regional health insurance product for children ages 0-18 in families with incomes at or below 300% FPL (about \$55,000 for a family of four) who are not eligible for existing public programs. Participation in a regional effort would allow Placer County to share in joint governance, staffing, computer systems and grants administration without having to invest in a duplicative infrastructure.

### **Placer County Children Uninsured**

To arrive at a reasonable estimate of uninsured children in Placer County, we reviewed a number of sources of data: the US Census, Medi-Cal, Healthy Families, the California Health Information Survey (CHIS) and school enrollment data. These data are shown below, which lead us to the estimate that there are 4,337 uninsured children in Placer County. Of those, 80% (3,487) are likely to be eligible for Medi-Cal or Healthy Families. An estimated 850 children are uninsured and not eligible for current public programs, either because of their income or immigration status; 152 who are 0 – 5 and 698 who are 6 - 18 years old. Nearly 11,000 children in Placer County are already enrolled in Medi-Cal, and 3,498 children in Healthy Families.

A summary table, Table 1, shows the county population of people under 18 in 2000, Medi-Cal enrollment in January 2006 for people 0 – 17 and 0 – 20; Placer County's enrollment in Healthy Families in April 2006, and the number of children enrolled in the Free and Reduced Price Meal (FRPM) program in their school. About 12% of the population under 18 are enrolled in Medi-Cal, and an additional 4% are enrolled in Healthy Families. About 13% are enrolled in the Free and Reduced Price Meal program in their school.

**Table 1**  
**Medi-Cal, Healthy Families and**  
**Free and Reduced Price Meals (FRPM) Enrollment**

	<b>Population Under 18 <sup>(1)</sup></b>	<b>Medi-Cal <sup>(2)</sup></b>		<b>Healthy Families <sup>(3)</sup></b>	<b>FRPM <sup>(4)</sup></b>
Date	2005	April 2006		August 2006	2005-2006
		0-17	0-20	0-18	School-age children
Population	73,420	9,771	10,845	3,498	10,758

Sources:

(1) US Census. [www.census.gov](http://www.census.gov).

(2) Medi-Cal Beneficiaries Profiles by County.

[www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene\\_profile\\_by\\_county.htm](http://www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene_profile_by_county.htm).

(3) Managed Risk Medical Insurance Board [www.mrmib.ca.gov/MRMIB/HFP/HFPRpt2A.pdf](http://www.mrmib.ca.gov/MRMIB/HFP/HFPRpt2A.pdf).

(4) California Department of Education Educational Data Unit [data1.cde.ca.gov/dataquest/Cbeds2.asp](http://data1.cde.ca.gov/dataquest/Cbeds2.asp).

Table 2 shows a more detailed look at the young residents enrolled in Medi-Cal in April 2006, with sex and age information.

**Table 2**  
**Medi-Cal Eligibles by Age & Sex**  
**April 2006**

<b>Age Band</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>0-5</b>	2,109	1,943	4,052
<b>6-17</b>	2,894	2,825	5,719
<b>18-20</b>	432	642	1,074
<b>Children</b>	5,435	5,410	10,845

Source: Medi-Cal Beneficiaries Profiles by County.

[www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene\\_profile\\_by\\_county.htm](http://www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene_profile_by_county.htm)

Table 3 shows Placer County's enrollment in Healthy Families by the health plan used by the enrollee. Blue Cross, Blue Shield, Kaiser and Health Net are the Healthy Families participating health plans for Placer County.

**Table 3**  
**Healthy Families Enrollees by Plan**  
**August 2006**

<b>Health Plan</b>	<b>Enrollment</b>	<b>%</b>
Blue Cross EPO	1,500	42.88%
Kaiser Permanente	943	26.96%
Health Net	532	15.21%
Blue Shield HMO	523	14.95%
Total	3,498	100.00%

*Source: Healthy Families Report MM\_015.*

Table 4 provides ethnicity detail about Placer County's Healthy Families enrollees: more than half are white, while about 20% are Hispanic, 7% are Asian/Pacific Islander and 16% are divided among the other ethnic groups.

**Table 4**  
**Healthy Families Enrollees by Ethnicity**  
**August 2006**

<b>Health Plan</b>	<b>Enrollment</b>	<b>%</b>
White	1,848	52.83%
Hispanic	720	20.58%
Asian/Pacific Islander	231	6.60%
Other	565	16.15%
Not Given	134	3.83%
Total	3,498	100.00%

*Source: Healthy Families Report MM\_016.*

Table 5 shows the geographic diversity of Placer County's young Medi-Cal and Healthy Families enrollees, with age detail for Medi-Cal beneficiaries. Auburn, Roseville and Lincoln have the largest enrollments.

**Table 5**  
**Medi-Cal and Healthy Families Enrollment by Zip Code**

		Medi-Cal				Healthy Families
		0-5	6-17	18-20	0-20	0-18
95602	Auburn	210	249	63	522	142
95603	Auburn	435	690	99	1,224	308
95604	Auburn	42	79	16	137	6
95626	Elverta	6	12	2	20	1
95631	Foresthill	56	133	24	213	84
95648	Lincoln	588	731	121	1,440	436
95650	Loomis	77	107	31	215	99
95658	Newcastle	30	58	10	98	53
95661	Roseville	265	403	73	741	267
95663	Penryn	11	21	5	37	11
95677	Rocklin	256	434	91	781	276
95678	Roseville	721	926	169	1,816	564
95681	Sheridan	16	42	13	71	29
95701	Alta	16	25	2	43	20
95703	Applegate	21	17	2	40	20
95713	Colfax	79	134	29	242	147
95714	Dutch Flat	n/a	n/a	n/a	n/a	9
95715	Emigrant Gap	n/a	n/a	n/a	n/a	3
95717	Gold Run	n/a	n/a	n/a	n/a	9
95722	Meadow Vista	23	43	6	72	42
95736	Weimar	11	23	13	47	12
95746	Granite Bay	65	113	24	202	73
95747	Roseville	272	434	80	786	443
95765	Rocklin	158	288	41	487	180
96140	Carnelian Bay	n/a	n/a	n/a	n/a	16
96141	Homewood	n/a	n/a	n/a	n/a	3
96143	Kings Beach	237	174	24	435	167
96161	Truckee	n/a	n/a	n/a	95	4
	Other	457	583	136	1,176	74
	Total	4,052	5,719	1,074	10,845	3,498

Sources: Medi-Cal Beneficiaries Profiles by County.

[www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene\\_profile\\_by\\_county.htm](http://www.dhs.ca.gov/mcss/RequestedData/Profiles/county%20profiles/Bene_profile_by_county.htm)

Managed Risk Medical Insurance Board [www.mrmib.ca.gov/MRMIB/](http://www.mrmib.ca.gov/MRMIB/)

Table 6 shows the Free and Reduced Price Meal program enrollment in each school district in Placer County, as well as the percentage of enrollment, which ranges from a low of 23.4% in the Eureka Union Elementary School District to a high of 42% in the Alta-Dutch Union Elementary School District.

**Table 6**  
**Free and Reduced Price Meals by School District, Placer County**  
**2005-2006**

	Free and Reduced Price Meals		School Enrollment
	#	%	
Ackerman Elementary	115	29.6%	388
Alta-Dutch Flat Union Elementary	60	42.0	143
Auburn Union Elementary	836	34.1	2,450
Colfax Elementary	148	30.6	484
Dry Creek Joint Elementary	1,320	18.2	7,249
Emigrant Gap Elementary	N/A		
Eureka Union Elementary	141	3.4	4,167
Forest Hill Union Elementary	177	29.0	611
Loomis Union Elementary	267	12.4	2,157
Newcastle Elementary	39	12.7	308
Ophir Elementary	28	14.7	191
Penryn Elementary	N/A		
Placer County Office Of Education	0	0	
Placer Hills Union Elementary	147	12.2	1,204
Placer Union High	649	13.6	4,766
Rocklin Unified	1,171	11.7	10,005
Roseville City Elementary	1,919	23.1	8,301
Roseville Joint Union High	860	10.0	8,627
Tahoe-Truckee Joint Unified	1,387	32.3	4,296
Western Placer Unified	1,494	30.3	4,927
County Total	10,758	17.8	60,274

Source: California Department of Education DataQuest. <http://data1.cde.ca.gov/dataquest>.

Table 7 shows the estimates of uninsured children by age group in Placer County, based on the CHIS estimates. According to CHIS, 1,055 children ages 0–5 and 3,282 children ages 6-18 are currently uninsured. It is estimated that 80 percent of the uninsured children in Placer County are likely to be eligible for either Medi-Cal or Healthy Families but have not completed the application process, while the remaining 20 percent will need the Healthy Kids program.

**Table 7**  
**Preliminary Estimates of Uninsured**  
**Based on CHIS "Currently Uninsured"**

	<b>Currently Uninsured</b>	<b>Eligible for Medi-Cal/Healthy Families</b>	<b>Ineligible for Public Programs</b>
<b>0-5</b>	1,055	903	152
<b>6-18</b>	3,282	2,584	698
<b>All Children</b>	4,337	3,487	850

*Data sources and methodological notes:*

Source for population figures: Census 2000 Summary File 1 (SF 1) 100-Percent Data.

<http://factfinder.census.gov>. Source for eligibility percentages: Analysis of 2001 California Health Interview Survey by the UCLA Center for Health Policy Research. For these estimates, regional eligibility percentages were applied to 2000 Census denominators. Due to small sample sizes in many counties, the UCLA analysis of eligibility aggregates counties into three regions: 1) Sierra, Greater Bay, and Sacramento Area, 2) San Joaquin and Central Coast, and, 3) Los Angeles and Other Southern California. These estimates should be interpreted cautiously.

Table 8 shows the current assumptions about the number of uninsured children in Placer County, the number likely to be eligible for and subsequently enrolled in Medi-Cal or Healthy Families, the number remaining who will require Healthy Kids, and the age and income detail of those children, in order to make enrollment and premium cost projections for a reasonable budget.

**Table 8**  
**Placer Children's Health Initiative**  
**Current Population Assumptions**

<b>Total Uninsured Children</b>	<b>4,337</b>
Estimated eligible for Medi-Cal (40% of 4,337 uninsured children)	1,744
Estimated eligible for Healthy Families (40% of 4,337 uninsured children)	1,743
<b>Uninsured and Not Eligible for Current Public Programs</b> (20% of 4,337 uninsured children)	<b>850</b>
• Children 0 - 5 <300% FPL (18% of 850 uninsured ineligible for current programs)	152
• Children 6-18 <300% FPL (82% of 850 uninsured ineligible for current programs)	698
○ Children 6 - 18 <250% FPL (77% of 698 children 6 – 18)	537
○ Children 6 - 18 - 250-300% FPL (23% of 698 children 6 – 18)	156



## Enrollment Projections

Placer County faces the challenge of reaching out, enrolling and retaining all qualified children, as well as assuring access to covered services. Other counties have experimented with such programs and can share their experiences to tailor one specific to Placer County. The effective integration of local efforts with the outreach, enrollment, retention, and accessibility mechanisms already used by Medi-Cal and Healthy Families is essential, but also adds complexity to any development process.

Table 9 shows the projections for the first three years of the program, based on the current assumptions, with 25% penetration rate in the first year, 50% in the second year and 75% in the third year across all products, except children 0 – 5. For these youngest children, aggressive outreach and enrollment efforts are expected to enhance first year enrollment to 50%. The additional enrollees in Years 2 and 3 are the cumulative total from one year to the next, so by the end of Year 3, there will be an additional 3,291 children covered by Medi-Cal, Healthy Families and Healthy Kids, while 1,046 will still be uninsured at the end of Year 3 of whom approximately 174 will not be eligible for Medi-Cal or Healthy Families.

**Table 9**  
**Placer Children’s Health Initiative**  
**Enrollment Projections**

	<b>Current</b>	<b>Projected Year 1</b>	<b>Projected Year 2 Cumulative</b>	<b>Projected Year 3 Cumulative</b>
Children on Medi-Cal as of 04/06	10,734	11,170	11,606	12,042
Children on Healthy Families as of 08/06	3,498	3,934	4,370	4,805
Total Children Estimated for Enrollment in Healthy Kids		251	463	676
Total Additional Insured		1,123	2,207	3,291
Total Uninsured Children Remaining	4,337	3,214	2,131	1,046

Notes and Assumptions:

1. There are estimated to be 4,337 uninsured children 0-18 in Placer County.
2. There are currently 850 children estimated to be ineligible for current public coverage.
3. The number of children projected for enrollment is cumulative in Year 1, Year 2 and Year 3.
4. There are 698 children ages 6-18 who are not currently eligible for public programs.
5. The federal poverty level for a family of four in 2006 is:  
100% FPL = \$20,000 per year  
250% FPL = \$50,000  
300% FPL = \$60,000.  
Federal Register, Vol. 71, No. 15, January 24, 2006, pp. 3848-3849.

## **Health Insurance Premiums**

Below is a financial model for the Healthy Kids (comprehensive Healthy Families-like product). Healthy Kids is the name given to programs who provide health insurance for children up to 300% FPL who do not qualify for Medi-Cal and Healthy Families. Several options were explored in this analysis.

We completed a detailed review of California Kids, a limited health coverage option for children age 2-18 with family incomes below 250% FPL offering outpatient services only. California Kids covers children up to 250% FPL who do not qualify for Medi-Cal and Healthy Families, providing them with coverage for primary care conditions, including dental and mental health. However, California Kids does not provide inpatient coverage, which is generally covered by limited scope Emergency Medi-Cal for children under 250% FPL. California Kids is not being recommended for further consideration.

Kaiser Child Health Plan will be included as another option for children in Years 2 and 3. Kaiser Child Health Plan provides comprehensive health insurance to children age 0-18 with family incomes below 300% FPL and enrolled in Kaiser Permanente. Kaiser provides a donation of the premium costs for these children. Kaiser Permanente sets a limit for the number of children in a region who can be enrolled.

The health insurance premium levels used in this analysis are based on experience in other counties for the respective costs under Healthy Kids, as well as the likelihood that insurers and health plans would be willing to accept that premium level. We have participated in the development of similar programs elsewhere in the state and are generally familiar with premiums paid by Healthy Kids programs. We have projected a premium of \$92 per month or \$1,104 per year for use with Health Net through the Sacramento Sierra Region's Healthy Kids Healthy Futures Collaborative. In addition, we have projected that Kaiser Child Health Plan will eventually provide premiums for 100 children in Placer County, starting with 50 children in Year 2 and 75 children in Year 3 at no cost to the local CHI.

We recommend that the Healthy Kids Healthy Futures Program of the Sacramento Sierra Region be chosen as the insurance program for the Placer Children's Health Initiative for the Healthy Kids program. The number of children ultimately covered will depend on the amount of funding raised.

**Table 10**  
**Preliminary Estimates of Premium Expense**  
**Uninsured Children Below 300% FPL**  
**Ineligible for Medi-Cal/Healthy Families**

Year 1		0-5	6-18	Total
Penetration Rate (0-5):	50%	76		
Penetration Rate (6-18):	25%		175	251
Healthy Kids Monthly Premium:	\$92.00	\$83,904	\$193,200	\$277,104

  

Year 2		0-5	6-18	Total
Penetration Rate (0-5):	75%	114		
Penetration Rate (6-18):	50%		349	463
Healthy Kids Monthly Premium:	\$92.00	\$125,856	\$385,296	\$511,152

  

Year 3		0-5	6-18	Total
Penetration Rate (0-5):	100%	152		
Penetration Rate (6-18):	75%		524	676
Healthy Kids Monthly Premium:	\$92.00	\$167,808	\$578,496	\$746,304

  

Long Term		0-5	6-18	Total
Penetration Rate (All):	100%	152	698	850
Healthy Kids Monthly Premium:	\$92.00	\$167,808	\$770,592	\$938,400

Notes and Assumptions:

1. There are 251 children on Healthy Kids in Year 1, 463 in Year 2 and 676 in Year 3. Premiums are expected to be \$92 per month or \$1,104 per year for three years. Of these children, 76 will be children 0-5 in Year 1; 114 in Year 2 and 152 in Year 3.

## Expense Projections

An essential component of this financial feasibility study is, of course, to project both the administrative and health insurance premium expenses of the Healthy Kids program.

As seen in Table 11 and 12, the expenses can be viewed as being comprised of two components: the larger cost of purchasing health insurance coverage (e.g. premium costs) and a relatively smaller amount for outreach, enrollment and administrative services.

Table 11 is a summary of all enrollment, expense and revenue totals for each of the first three years of the program. Table 12 provides detail of the expenses projected during the same period. Table 13 provides the revenue detail.

As for the cost of purchasing health insurance coverage, the total premiums and direct expenses of the project will vary depending on the total amount of funds raised to cover premium costs. Children will be covered based on the extent to which funds have been raised. Healthy Kids is not an entitlement program but rather is based on the funds available only. Total costs are expected to be \$457,380 in Year 1, \$694,128 in Year 2, and \$946,880 in Year 3 when the largest group of children is enrolled. Direct costs include a small staff and general operating expenses. Not represented are the costs for premiums for the more than two-thirds of children who will be enrolled in Medi-Cal and Healthy Families.

It is important to understand the relationship between the expense projections and the numbers of children who will be identified, assessed for eligibility, enrolled in one of the three programs (Medi-Cal, Healthy Families and Healthy Kids), and supported in retaining their coverage continuously. While the administrative budget which includes the outreach, enrollment and retention efforts looks like it is large given the number of premium dollars that must be raised for the children who do not qualify for Medi-Cal or Healthy Families, the administrative budget must be viewed within the context of all children who will gain insurance coverage not just evaluated as a ratio against those who will be eligible for the new insurance product. By the end of Year 3, 3,291 children will be enrolled in Medi-Cal, Healthy Families and Healthy Kids with the administrative costs directed at efforts to identify, enroll and retain all of those children with health insurance. In the long term, we anticipate all 850 currently uninsured children will be covered by Healthy Kids and all 4,337 uninsured children will be covered by some form of public insurance.

**Table 11**  
**Summary of Enrollment, Expenses and Revenues**

	Year 1	Year 2	Year 3
<b>Enrollment</b>	251	463	676
<b>Administrative Expense</b>	\$180,276	\$182,976	\$200,576
<b>Premium Expense</b>	\$277,104	\$511,152	\$746,304
<b>Total Expense</b>	\$457,380	\$694,128	\$946,880
<b>Revenue Projected - Estimated</b>	\$453,224	\$514,395	\$575,658
<b>Excess Revenue Over (Expenses)</b>	(\$104,156)	(\$219,733)	(\$381,222)

**Table 12**  
**Combined Administrative and Health Care Premium**  
**Expense Projections**

		Projected Year 1	Projected Year 2	Projected Year 3
<b>Personnel</b>	<b>FTE</b>			
Project Director	0.4 FTE	\$30,000	\$31,500	\$33,075
Outreach Coordinator	0.5 FTE	\$20,000	\$21,000	\$22,050
CAAs	1.0 FTE	\$31,200	\$32,760	\$34,398
Retention Specialists	0.5 FTE	\$15,600		
	0.75 FTE		\$24,570	
	1.0 FTE			\$34,398
<b>Total Salaries</b>		<b>\$96,800</b>	<b>\$109,830</b>	<b>\$123,921</b>
Benefits @ 20%		\$19,360	\$21,966	\$24,784
<b>Subtotal Salaries and Benefits</b>		<b>\$116,160</b>	<b>\$131,796</b>	<b>\$148,705</b>
<b>Consultant Services</b>				
Fiscal Services (10% of Total Salaries and Benefits)		\$11,616	\$13,180	\$14,871
Marketing		\$5,000	\$2,000	\$2,000
Fund Development		\$7,500	\$7,500	\$7,500
IT Services		\$8,000	\$2,000	\$2,000
<b>Subtotal Consultant Services</b>		<b>\$32,116</b>	<b>\$24,680</b>	<b>\$26,371</b>
<b>Other Direct Expenses</b>				
Occupancy		\$12,000	\$12,000	\$12,000
Office Supplies and Materials		\$15,000	\$10,500	\$10,500
Training		\$5,000	\$4,000	\$3,000
<b>Subtotal Other Direct Expenses</b>		<b>\$32,000</b>	<b>\$26,500</b>	<b>\$25,500</b>
<b>Total Outreach, Enrollment and Administrative Expenses</b>		<b>\$180,276</b>	<b>\$182,976</b>	<b>\$200,576</b>
<b>Total Premiums</b>		<b>\$277,104</b>	<b>\$511,152</b>	<b>\$746,304</b>
<b>Total Premiums &amp; Expenses</b>		<b>\$457,380</b>	<b>\$694,128</b>	<b>\$946,880</b>

Notes and Assumptions:

1. Project Director works .4 FTE of \$75,000 per year, with a 5% salary increase each year.
2. Outreach Coordinator works half time at an FTE of \$40,000 per year, with a 5% salary increase each year.
3. Certified Application Assistant (CAA) – works full time @ \$15 per hour x 2,080 hours, with a 5% salary increase each year. (See chart on Enrollment Targets.)
4. Retention Specialists – .5 FTE in Year 1, .75 FTE in Year 2 and 1.0 FTE in Year 3, same salary as CAA, with a 5% salary increase each year.
5. Benefits = 20% of salaries, including FICA, Workers Compensation, etc.
6. Fiscal services = 10% of total personnel, for payroll, billing, etc.

## Revenue Projections

First 5 Placer has committed to funding premiums for children 0 – 5 plus costs for outreach and enrollment. The State First 5 match 20% of the cost of premiums of children 0 – 5 only for Healthy Kids. A significant amount of funding must still be identified, ranging from \$4,156 in Year 1 for Option #1 to \$371,222 in Year 3. Additional potential funders include Blue Shield of California Foundation and local donors.

### Notes and Assumptions:

1. First 5 Placer will contribute the costs of premiums for children 0-5 and \$100,000 per year for outreach and enrollment (Year 1: \$67,123 in premiums (76 enrollees x \$1,104 pmpy x 80% (20% paid by State First 5)); Year 2: \$100,685 in premiums (114 enrollees x \$1,104 pmpy x 80%); and Year 3: \$134,246 for premiums (152 enrollees x \$1,104 pmpy x 80%).
2. California First 5 will provide a 20% match for premiums for children 0 – 5 (\$16,781 in Year 1 76 x \$1,104 pmpy x 20%); \$25,171 in Year 2 (114 x \$1,104 x 20%); and \$33,562 in Year 3 (152 x \$1,104 pmpy x 20%). California First 5 is not available for Option #2.
3. County of Placer is projected to provide \$50,000 each year.
4. Local hospitals are projected to provide \$50,000 each year.
5. Blue Shield of California Foundation will be approached for a grant of \$50,000 per year for three years.
6. The California Endowment will be approached for a grant of 10% of premiums for children 6 – 18.
7. Total Premiums and Expenses are from the Expense Projections.
8. Excess Revenue Over Expense is the difference between Total Revenue and Total Premiums and Expenses.
9. Kaiser Child Health Plan will make slots available in their program for uninsured children. We estimate that they will enroll 50 children in Year 2 and 75 in Year 3. This in-kind support will be about \$1,200 per child per year.

**Table 13**  
**Children's Health Initiative**  
**Revenue Projections**

<b>Funder</b>	<b>Number of Enrollees</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Placer First 5 – Year 1	76	\$67,123		
- Year 2	114		\$100,685	
- Year 3	152			\$134,246
State First 5 Match	76	\$16,781		
- Year 2	114		\$25,171	
- Year 3	152			\$33,562
Placer First 5 – Outreach, Enrollment & Administrative		\$100,000	\$100,000	\$100,000
County of Placer (est.)		\$50,000	\$50,000	\$50,000
Hospitals (est.)		\$50,000	\$50,000	\$50,000
Blue Shield of California Foundation (est.)		\$50,000	\$50,000	\$50,000
The California Endowment (est.)	175	19,320		
- Year 2	349		38,539	
- Year 3	524			57,850
Total Anticipated Revenue		\$453,224	\$514,395	\$575,658
Total Premiums and Expenses		\$457,380	\$694,128	\$946,880
<b>Excess of Revenue Over (Expenses)</b>		<b>(\$104,156)</b>	<b>(\$279,733)</b>	<b>(\$471,222)</b>
<b>In Kind</b>				
Kaiser Child Health Plan (est.) (in-kind)				
- Year 2	50		\$60,000	
- Year 3	75			\$90,000
GRAND TOTAL		<b>(\$104,156)</b>	<b>(\$219,733)</b>	<b>(\$381,222)</b>
Number of children impacted by funding shortfall who will not receive insurance (at \$1,104 per child per year)		95	199	345

## Conclusions

We have reached the following conclusions in the course of our financial feasibility analysis:

- ❑ There are approximately 4,337 uninsured children in Placer County, 850 of whom are not eligible for existing public insurance programs like Medi-Cal or Healthy Families.
- ❑ Enrollment in a new health insurance product will be predicated on the effectiveness of the outreach, education, and retention campaign. Outreach and enrollment will be focused on all uninsured children, not just the children eligible for the new product.

- ❑ Reasonable health insurance premiums can be projected based on both local and statewide factors like CalKids rates, Healthy Families rates, and the cost of health insurance premiums in other counties which have developed a Children's Health Initiative.
- ❑ The expenses for a Children's Health Initiative in Placer County will have two components: outreach, enrollment and administrative costs and health insurance premiums. We estimate that the first year outreach, enrollment and administrative component will be about \$180,276. The first year health insurance premium expense is estimated to be \$277,104.
- ❑ It is important to remember that while the health insurance premiums only represent coverage of one-third of the uninsured children. A full two-thirds who are eligible but not currently covered by Medi-Cal and Healthy Families will be enrolled but their premium costs will be covered by federal and state funds. The administrative costs of the Children's Health Initiative cover services for outreach and enrollment for those children as well.
- ❑ Adequate revenue to cover the administrative and health insurance expenses will be available from several local and external sources, including First 5 Placer, a State First 5 Commission match, The County of Placer, Kaiser Child Health Plan, Blue Shield of California Foundation and The California Endowment. There are also some additional local sources from which funding commitments are very possible.
- ❑ We recommend the Healthy Kids Healthy Futures Program of the Sacramento Sierra Region be chosen as the insurance program for the Placer Children's Health Initiative's Healthy Kids program. The number of children ultimately covered will depend on the amount of funding raised.
- ❑ By the end of three years, an estimated 3,291 new children will be enrolled in Medi-Cal, Healthy Families and Healthy Kids, leaving 1,046 uninsured children in Placer County.